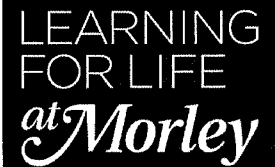


MORLEY COLLEGE LIMITED

GOVERNING BODY



MINUTES OF MEETING HELD ON 18 OCTOBER 2011

Present:

Mike Lake (Chair)
Stuart Edwards
Laurence Elliott
Linda Gainsbury
Mary Hawkey
Gareth Julian
Myra Kinghorn
Linda Linehan
Kathleen McLauchlan
Paul Mason (Vice Chair)
Ela Piotrowska (Principal)
Portia Ragnauth
John Stephens
Mark Windisch

Clerk:

Graham Cooper

In Attendance:

Cass Breen Deputy Principal
Nick Rampley Vice Principal

1. Company Business

a) Appointment of Mike Lake as Chair of the Governing Body

[Mike Lake absented himself from the meeting for this item]

The Vice Chair reminded Governors that Mike Lake was appointed as Governor in April, having been selected by the Search Committee, following an external search, as its recommended successor to Jenny Scribbins. It was now proposed that Mike Lake be appointed as Chair of the Governing Body with immediate effect for an initial three year term. Governors unanimously approved Mike's appointment.

[Mike Lake joined and chaired the meeting from this point]

b) Re-appointment of Myra Kinghorn

The Clerk advised that Myra had completed her first four year term as Governor, and had agreed to continue for a further term. Governors approved her re-appointment for a further four years.

c) Re-appointment of Gareth Julian

The Clerk advised that Gareth had completed his first four year term as Governor, and had also agreed to continue for a further term. Governors approved his appointment for a further four years.

2. Apologies for absence

Apologies had been received from Karen Di Lorenzo.

3. Minutes and Actions of the meeting of 11 July 2011

The minutes of the previous meeting were agreed as a correct record, subject to a minor correction, and would be signed by the Chair.

4. Matters arising other than on the agenda

There were no matters arising.

5. Review of Governance at Morley College (GC & ML)

Mike Lake acknowledged the privilege of being appointed Chair. He also acknowledged the huge effort and enthusiasm with which Jenny Scribbins had led the Board, successfully overseeing the appointment of a new College Leadership Team (CLT), which was now extremely effective. Against this background, he regarded now as an opportune time to review the governance arrangements in place at the College, and he had started the process by holding meetings with each of the Committee Chairs and the CLT. He hoped that a review could be completed speedily, so as not to distract attention from the important business of the Board. Having obtained feedback from Governors on some initial thoughts, a paper prepared by the Chair in conjunction with the Clerk and reflecting the feedback was presented to the meeting. The Chair also noted the planned introduction by the AoC of a Foundation Code of Governance, and advised the Board that he had arranged to meet with the Chief Executive of the AoC, and subsequently the AoC's Chairman.

The Chair advised that following discussion at this meeting, and further feedback by Governors to the Clerk, a formal proposal would be put together and a formal meeting of the Governing Body would be convened for 4th November (the day on which Governors would be gathered for their Strategic Planning Conference) in order for decisions to be made. The Chair then invited Governors to comment on any particular matters arising that they wished to emphasise or about which they held concerns. The following key issues emerged:-

a) Student Governors and Staff Governors

Mark Windisch advised the Board that efforts were being made, through a simpler approach, to encourage younger student representation on the SEC.

Governors considered the issue of staff and student representation on the Governing Body. The Principal emphasised that the College's traditions relating to the way in which the 'student voice' was represented through the Student Executive Committee, Class Representatives Association and Student Governors, were very longstanding and potentially very powerful arrangements. Governors unanimously acknowledged the crucial importance of the 'student voice' and of two way communication between the Governing Body and students. Governors' experience of other colleges was that in all cases there were Staff Governors and Student Governors, and it was felt that Ofsted and others would certainly expect this to be the case.

The potential conflict of interests that Staff Governors and Student Governors might have between their roles as Governors and their staff and student responsibilities was highlighted. The Vice Chair emphasised that notwithstanding this potential conflict, he believed that during his terms of office, such Governors had always acted with absolute propriety.

It was highlighted that neither Staff Governors nor Student Governors are appointed as representatives of their respective groups. Once appointed, they have exactly the same legal and corporate responsibilities as independent members. In that sense, all Governors are considered equal, although as highlighted by the Vice Chair, there are certain restrictions imposed by the College's Memorandum & Articles of Association, such as the ineligibility of Staff Governors or Student Governors to be appointed Chair or Vice Chair. Whilst not acting as

representatives, Student Governors and Staff Governors were regarded as playing a crucial role as Governors, ensuring that the Board does include individuals with current experience as students/staff.

Whilst acknowledging the important contribution made by current Student Governors, the Chair highlighted that the process for election and appointment was not seen as successful in recruiting Student Governors with views that were fully representative of the demographic spectrum of the College's student population. It was suggested that the means by which Student Governors and Staff Governors are selected and appointed should be reviewed, with a view to implementing a process which is more equal to that by which independent members are appointed.

b) AoC Foundation Code of Governance

Governors noted that the AoC was about to issue a Foundation Code of Governance. Governors had been provided with an earlier Indicative Scope and Contents of the Code and did not consider there to be any aspects that should cause concern, or that were contrary to their current discussions on governance. The Chair of Governors advised that he had had an initial discussion with the AoC, who were not intending to enforce the Code but were hopeful that it would be adopted by colleges.

c) Moving towards a smaller Governing Body

Governors considered the practicalities that might be involved in moving towards a Board with fewer members. It was noted that the current composition of the Governing Body was fifteen members, which was below the historical norm of eighteen but within the parameters set by the College's Memorandum & Articles of Association. The Chair advised that it was not intended to proceed with any new Governor recruitment until after the November meeting. If it was decided at that meeting to move towards a reduced size of Board, he anticipated that would be achieved through natural wastage, but that there needed to be a very clear process to identify the skills and experiences required - which might have an impact on the optimum number of members.

d) Issues with a potential move to a governance model with more full Governing Body meetings but fewer Committee meetings.

The Principal emphasised the need for full consideration to be given to just how 'strategic' meetings would be, the importance of the construction of agendas and how meetings would be managed. She highlighted one of the successes of the current model as being the Quality & Standards Committee engaging and informing Governors on crucial matters relating to the core activity of the College. She alerted Governors to the potential risks, if governance was not managed correctly, of the whole Board being aware of headline information yet no Governors informed of the detail.

The Chair noted that there was a balance to be drawn, between ensuring that the whole Board is able to participate in important discussions, and the extent to which the whole Board gets involved in matters of detail. He suggested that one model is of a board comprised of individuals with particular areas of expertise, who are each separately engaged in providing their experience, advice and support to those areas of the College's activities.

The Chair of the Quality & Standards Committee emphasised the importance of any new governance model providing space for rigorous interrogation of the College Self-Assessment Report and Quality and Standards related KPIs at full Board meetings, and the Chair reinforced the benefits of the whole Board having the opportunity to participate in those discussions. It was suggested that the draft Governing Body Business Cycle as appended to the paper, needed amendment to ensure sufficient scope to allow for this. Additionally, the need to facilitate issues being raised and discussed in a timely way to support change was stressed. The Chair noted that, whilst the business cycle of the Governing Body would give rise to standing items on agendas, these would inevitably need to be augmented by specific issues that arise from time to time.

The Chair concluded by reiterating that a formal proposal would be presented to the meeting on 4th November for decision. If it was the overall view of the members that the current Committee model

should stay in place, then that should be the case, but he had not received a sense from anyone that the current model was perfect. He asked members to provide further feedback to the Clerk, in a timeframe that the Clerk would advise, to enable such feedback to be reflected in a proposal paper to be circulated in plenty of time for the November meeting. The Chair advised that he was keen, once a programme had been agreed upon, for this to operate for a period of six months and then to be reviewed.

Actions:- i) Clerk to issue notice of a formal Governing Body meeting on 4 November.

ii) Clerk to notify Governors of timescale for providing further feedback.

iii) Governors to provide further feedback to the Clerk within the agreed timeframe

iv) A proposal paper prepared by the Chair and the Clerk to be circulated for further consideration and for decisions at the meeting on 4 November.

6. Principal's Report (EP)

The Principal presented her report, as follows:-

a) Update on external challenges

The Principal advised that little had changed since the July meeting, in that the review of funding by the SFA was ongoing and that a number of BIS, NIACE, SFA, DFE and Ofsted consultations were underway to support the re-arrangement of the landscape for further and adult learning. The College was participating in those consultations most appropriate, in so far as it had the capacity to do so.

The Principal also advised that the next few months would see changes in the rules that govern colleges, partly a response from Government and decisions made by the Office of National Statistics and National Audit Office. The CLT were of the view that the impact on Morley would not be hugely significant, but that the changes would be a much bigger issue for FE colleges.

b) Summer School 2011

The Principal reported that the financial performance of Summer School had been disappointing, with a slightly smaller surplus having been generated than in the previous year (£35k in 2011 compared to £37k on 2010). Overall enrolment and learner numbers had also fallen, with the exception of the music department, for which the Summer School had been particularly successful in attracting new learners. The Vice Principal highlighted an issue with timing, in that due to the late Easter and consequent late end of term this year, the Summer School had run over into the peak August holiday period, which would have been a contributory factor in attracting fewer learners. The 2012 Summer School programme will have been completed by the end of July.

Governors highlighted the importance of clarity regarding the objectives of the Summer School, noting that it provided:-

a) a vehicle for testing out innovation in the curriculum offer;

b) an opportunity to attract new learners to the College by providing 'taster' classes; and

c) a means of generating additional funds.

Governors particularly commended the use of the Summer School for trying out new ideas, acknowledging that these were likely to have a mix of success. The need for flexibility in the College's core programme was stressed, so as to enable suitable advantage to be taken of successful new ideas without the traditional one year time lag in programme planning. The Deputy Principal noted that recent developments in online enrolment and social media were helpful in achieving this.

The Principal advised that a full review of the Summer School would now take place, including an assessment of the current model. The Chair asked that, once the CLT had reached conclusions from the further analysis, and in the context of the new Strategic Plan, the 2011 Summer School is planned with very clear objectives. The Principal also highlighted various means by which planning is supported by student feedback, not only through formal student bodies, but also less formal engagement and discussions.

c) Summer Property Works Update

A viewing of completed projects by Governors had taken place prior to the meeting.

d) Preliminary report on 2011-12 enrolments

The Principal advised that enrolments to 1st October were very slightly up on the previous year at 9,117 compared to 8,886. Data on fee income was not yet available. The generally stable but static position was seen as disappointing, given the significant increase in marketing, although it was recognised that the impact of marketing may take some time to feed through to achievement of what are ambitious growth targets. The Principal also stressed that it was important to remain mindful of the impact of the recession on adult learning spending, there having been a significant fall in the take-up of adult learning across the country. The Deputy Principal commented that students were increasingly tending to enrol for one term at a time, which would have an impact on the pattern of fee income.

e) Summer marketing campaign

The Principal updated the Board on the success of the Marketing and Communications plan that had taken place from July to September. The objectives of the campaign had been focused on engagement rather than conversion of leads, as the marketing department was not involved with communication and the process once a potential student makes contact with the College. The 'drive' had focused on increasing traffic to the website; driving enquiries to the central enrolment team; increasing page views on Facebook, and raising awareness of Morley in Southwark and Lambeth as well as across the Greater London region. The campaign took account of the changing demographic profile of Morley students, particularly the shift in the age profile towards a generally younger student population than had historically been the case.

Evaluation of the success of the campaign clearly identified the success of the website and search engine optimisation (SEO). Overall, the College had 87,604 visits to the website during the campaign; of these 49,500 had never visited Morley before. The length of time that visitors spent on the website had also increased. However, evaluation also identified some significant issues; although incoming phone calls increased during the campaign, only 65% of calls presented to the enrolment telephone number were handled. There were therefore significant learnings from the campaign, which had provided data for the first time that would now be used in future planning.

The Principal advised that Governors would receive a presentation from the College's Head of Marketing at the 4th November Strategic Planning Conference.

f) Update on BEC and relocation

The move of BEC out of Rotherhithe Library was almost complete, and classes were being run mainly from the Lewington Centre, though a number of other smaller venues were also being used in view of space limitations. Finding a suitable permanent home for BEC remained a key objective. The Principal also advised that discussions were taking place with Southwark Local Authority, who were eager to discuss Morley's role in their adult education provision.

g) Restructuring update

The Principal advised that the restructuring consultation process had been successfully completed over the summer, and that a number of redundancies in the curriculum and Central Administrative and Student Services had been implemented. The College was now recruiting for the new roles identified in the new structure for which staff who were at risk of redundancy were not suitable.

h) 2010-11 KPIs out-turn

The Principal presented the detailed KPI outturn data, noting that some ambitious targets had not been met, and highlighting in particular the under-achievement in Income from Learners as a percentage of Total Income. Governors discussed the extent to which there was evidence that differentiation in fees might be impacting on enrolments, and the Deputy Principal reported that there was certainly anecdotal evidence that fees for certain courses had reached a ceiling of what could be charged. The Principal also emphasised the impact of fee increases on

inclusivity, though also the need to increase fees in some areas in order to cross-subsidise others. The College also needed to be alert to the reputational issues and take care that it did not become known for being expensive.

The Principal advised that a final version of the KPI Register would be produced, including final data on success rates, which had seen an upward movement in most areas, evidencing a very clear improvement, into the lower 70s in percentage terms, even if short of the ambitious 75% target.

i) Pay Award

In the context of ongoing restraints across the sector, the CLT recommended that Governors approved a pay award in line with the AoC's pay recommendation when this was confirmed. Details of the current recommendation were provided, and it was noted that most, though not all unions, had accepted this. The Vice Principal confirmed that the College's 2011-12 budget included provision for a pay increase slightly in excess of the current proposal. Noting that it was the College's general practice to follow the AoC recommendation, Governors confirmed their agreement to the CLT setting the pay award in line with the final recommendation.

j) Renewal Grant

The Principal reported that the SFA had announced a further round of renewal grants, which for Morley could amount to £100k on the condition that the College again applied at least two thirds of project costs from its own funds. The College would be submitting an application for the funding prior to the November deadline.

Additionally, the Principal advised the meeting that Morley, along with eight partner organisations, would be participating in an Enterprise Agenda for Adults project, which had received £303k of SFA funding. The Principal and Deputy Principal were members of the steering group for the project, and a press release would be issued shortly. Governors considered this to be a good opportunity for publicity for Morley's role in supporting the enterprise agenda.

k) New Strategic Plan update

The background document and questionnaire for the new strategic plan consultation had been issued to a range of stakeholders, including Governors. Responses would be collated and presented to the Governing Body's Strategic Planning Conference on 4th November. That meeting would review the first draft of the new plan, prior to presentation for final approval to the Governing Body meeting in December. The Principal noted that only a small number of Governors had responded to the questionnaire to date and urged for more to do so.

l) Summary of key activities and achievements 2010-11 which provide an agenda for all aspects of College work in 2011-12

The Principal's report provided a summary of activities and achievements 2010-11, which would inform the next stage of development of the College. She highlighted, in particular, work that was being undertaken with local authorities, specifically a new strategic partnership with Lambeth, and that Southwark were now starting to engage more with Morley. Governors encouraged further development of this engagement with local authorities and other relevant organisations.

Actions:-

- i) Governors to ensure that their responses on the Strategic Plan consultation have been submitted by the 28 October deadline.**

7. Strategic Priorities and KPIs for 2011-12 (EP)

The Principal's paper provided a context for discussion of the format of KPI reporting to Governing Body meetings for 2011-12. The Principal stressed that the CLT were continuing to develop the KPIs, and that the ones included in the template should be regarded as examples only at this stage. They were largely financial measures, and there was a need for a more balanced set of measures in line with key elements of the Balanced Scorecard.

Governors commended the format of the reporting, and the Chair reinforced the Principal's recommendation that, rather than have a detailed discussion on individual measures that were still being developed, these be reviewed in conjunction with the strategic planning activity at the meeting on 4 November. The importance of the link between KPIs and strategic objectives was stressed, as was the need to ensure, in the light of a potentially different governance model, that the KPIs are not at too high a level. The Chair of the Quality & Standards Committee emphasised that the KPIs must be reported in such a way that would satisfy Ofsted that Governors have sufficient information for effective oversight and governance. The Chair stressed the need to develop a measurable means of reflecting quality, and also that the KPIs developed should be as useful for managers as Governors, not a separate set developed solely for reporting to the Board.

The Principal advised that she would work further on the KPIs, acknowledging also Governor comments that marketing might be expected to feature more within these. A further developed set of KPIs would be presented on 4th November for discussion in conjunction with the strategic plan.

8. SFA Financial Management and Control Evaluation Return 2010/11 (NR)

The Vice Principal presented the draft return to be submitted to the SFA, and which he noted was very similar to that of the previous year. The College was proposing to submit a short form return, which was permitted provided that no changes were made to the previous year's self-assessment grades. Otherwise, a much fuller long return would be required. Governors expressed views that the self assessment grades 'undersold' the College and that some areas ought to be rated as better than satisfactory. Noting however, uncertainty regarding the future of this return, and that it was not known to be relied upon for any material purpose, Governors endorsed the recommended approach for the current year. The Vice Principal was asked to liaise with the Chair of the Finance & Resources Committee with a view to an updated assessment of grades should the return continue to be required next year. The Principal was authorised to sign and submit the return as presented.

Action:- FMCE return to be signed by the Principal and submitted to the SFA.

9. 2010/11 Financial Out-turn – Preliminary Review

The Vice Principal's report provided a preliminary overview of the financial position at the end of July 2011 and the financial results that form the draft accounts submitted to the external auditors for review. The figures showed a surplus of £211k compared to an anticipated deficit in the original budget of £39k. A summary was provided of the make up of the difference. The Vice Principal advised, however, that following discussions with the auditors, the figures would change as a consequence of including further costs of c. £25k relating to the recent restructuring.

The Chair asked whether there was a practice at the College of the auditors being invited to meet with the Board. Whilst noting that the auditors had a standing invitation to attend the Audit Committee and regularly did so, the Chair of the Audit Committee undertook to ask the auditors at the next Audit Committee whether they wished to meet separately with the whole Board.

The Vice Principal reminded Governors that the figures presented were the management accounts, produced to demonstrate the College's operational efficiency for the year, and therefore included, for instance, transfers from designated reserves to meet the depreciation on assets which it had been agreed would be funded from those reserves. The financial accounts would, after pension fund adjustments, show a reduced surplus since, other than transfers from the deferred capital grant, the SFA model for the financial accounts assumed that all expenditure, including depreciation, was simply met from revenue reserves. The Vice Principal confirmed that, as last year, he would provide the December meeting with a reconciliation between the two sets of figures.

Actions:- Chair of the Audit Committee to ask the external auditors, at the next meeting of the Audit Committee, whether they wish to meet separately with the whole Board.

10. Any Other Business

The Clerk advised that one of the signatories to the College's bank accounts had left during the recent restructuring, and it was therefore proposed to add the Strategic Funding, Enrolment and Examinations Manager to the mandates as a standard limited joint signatory. Governors approved this change.

11. Date of next meeting

The Clerk advised that the next meeting of the Governing Body would now take place on 4th November, the day of the planned Governors' strategy discussions, in order to specifically make decisions on the proposals relating to future governance. The Chair asked that the timing of the meeting on that day be arranged to enable the maximum possible number of Governors to be present.

Graham Cooper
Clerk to the Governing Body

Signed.....
Mike Lake, Chair